



DEFOREST AREA
HIGH SCHOOL

2019-20 DeForest Area School District
Annual Meeting & Budget Hearing
July 22, 2019
DeForest Area Public Library - 7 p.m.

ANNUAL MEETING AND BUDGET HEARING

2019-20

Administrative Offices
520 E. Holum Street
DeForest, WI 53532
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*The mission of the DeForest Area School District is to provide an excellent education and **engage, challenge, and inspire** all students to pursue their full potential.*

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 **Agenda**

DeForest Area Public Library
Community Room, 203 Library Street, DeForest, WI 53532
Monday, July 22, 2019 – 7:00 pm

I. Meeting Called to Order: Jan Berg, Board of Education President

- A. Introductory Comments: Jan Berg
 - 1. Introduction of Board of Education Members
 - 2. Introduction of District Administrator
- B. District Administrator: Eric Runez
 - 1. Introduction of Administrative Staff
 - 2. Introduction of Legal Counsel/Parliamentarian

II. Election of Chairperson

III. Financial Report: Kathleen Davis, Director of Business & Auxiliary Services

IV. New Business:

- A. Budget Hearing and Adoption of Proposed 2019-20 Tax Levy
- B. Authorize 2019-20 Salaries of Board of Education Members
- C. Authorize the payment of actual and necessary expenses of Board of Education members when traveling in performance of duties.
- D. Authorize the DeForest Area School District to make payment for student accident insurance.
- E. Date of Next Annual Meeting
Authorize the Board of Education to determine the date and hour of the 2020 annual meeting. No annual meeting may be held before May 15 or after October 31. Section 120.08(1), Wisconsin Statutes.

V. Adjournment

If you need an interpreter, materials in alternate formats or other accommodations to access this meeting, please contact the DeForest Area School District at 842-6500. Please do so one week before the meeting so that arrangements can be made.

*Notice: Board of Education members will be in attendance at the annual meeting. However, no Board meeting shall be convened and no official Board action will be taken.

**Annual meeting agenda published in the DeForest Times-Tribune: 07/11/19 & 07/18/19

➤ Financial Highlights

2019-20 Tax Levy Estimate

The Tax Levy increase for 2019-20 is estimated at \$6,464,642 over the 2018-19 school year. The mill rate is anticipated to be \$12.13/\$1,000 an increase of \$2.09 /\$1,000 over the 2018-19 fiscal year. This rate is anticipated to change depending on the outcome of the new State Biennium Budget and finalization of the district's equalized value and state aid.

To calculate the school Mill (tax) rate, the district uses the tax levy certified (approved) by the School Board in October and divides that amount by the total equalized value of the school district. The Mill rate is defined as the rate that one thousand dollars of equalized valuation will raise in property taxes. The actual school property tax rate will differ by municipality. Rates are based on equalized value versus assessed value.



Revenue Highlights

Increase in
Revenue
Limit Per
FTE

+\$175

Per Pupil
Categorical
Aid Increase

+\$112

Increase in
Estimated
Pupil FTE
for 2019-20

+85 FTE

Recurring
Operating
Referendum

\$2.5
Million

REFERENDUM UPDATE

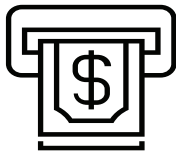
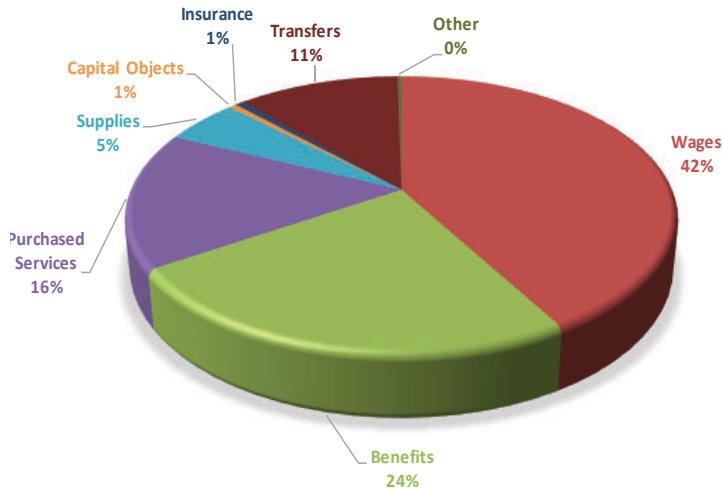
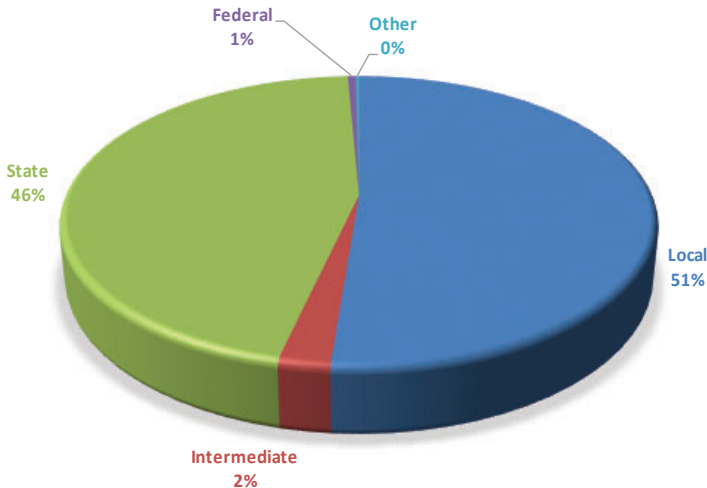
The 2019 operating referendum with a 3% equalized value increase is currently estimated at \$0.92/\$1,000 (\$0.37 for Fund 10, \$0.55 for Fund 41).

The new \$90 million bond sale is estimated to have a \$0.80/\$1,000 net impact over last year's debt service tax levy. Please note that the borrowings have not been completed and the amount is estimated to increase for the 2020-21 school year.

The district retained its AA+ Bond Rating. This will also have a positive impact on the future referendum bond sales.

2019-20 Estimated General Fund Revenue

Expenses



Expenditure Highlights

Employee Salary and Benefits

+3.5%

New Staff due to Growth

9 FTE

New Staff from the 2019 Referendum

10 FTE

Non-Referendum Capital Projects

\$2 M

CAPACITY BUILDING

In order to assure that the district achieves the student results and operational expectations that the Board of Education has described in the Board’s Results policies and Operational Expectations policies, the district annually submits a monitoring report for each policy. If the monitoring reports of the policies indicate areas of capacity building these items are incorporated in the 2019-20 budget development process. For the 2019-20 budget area the district is targeting support for items identified in R-2 Academic Performance, R-3 Self-Directed Complex Thinkers, R-4 Collaborative and Responsible Citizens, OE-3 Treatment of Community Stakeholders, OE-4 Personnel Administration, and OE-7 Asset Protection. For more information about the Board of Education Polices please visit: <https://www.deforest.k12.wi.us/district/board-policies.cfm>

Accounting Methodology & Budget Process

Budget Reporting

Accounts used in school district budgeting and financial reporting are designated by the Department of Public Instruction. A uniform accounting system is important for the facilitation of reporting, auditing, data processing, inter-district comparisons, and financial accounting for cooperative programs. A complete list of allowable account codes and account code explanations are available for review on the website at: http://dpi.state.wi.us/sfs/pdf/wufar_final.pdf.

Fund Accounting

Financial administration requires that each transaction be identified for administrative and accounting purposes. The first identification is by fund which is an independent fiscal and accounting entity, requiring its own set of books, in accordance with special regulations, restrictions, and limitations that earmark each fund for a specific activity or for attaining certain objectives. Each fund must be so accounted for that the identity of its resources and obligations and its revenues and expenditures is continually maintained.

All funds used by Wisconsin school districts must be classified into one of nine fund types. The major fund types are the General Fund, Special Projects Fund, Debt Service Fund, Capital Projects Fund, Food Service Fund, Agency (Pupil Activity) Fund, Fiduciary Fund, Community Service Fund, and Package and Cooperative Program Fund.

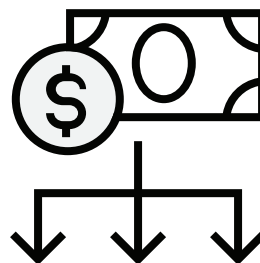
Basis of Accounting

The basis of accounting refers to the point in time when revenues, expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Governmental funds, expendable trust funds, and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual).

Budget Development Process

The budgeting process begins early in the previous fiscal year by first examining enrollment projections and student needs. Enrollment determines two important factors in budget estimates: staffing and revenue projections. During the months of January and February, we finalize allocations to each of the budget centers so that buildings and departments can develop the financial framework for achieving their goals. Individual budgets are compiled and submitted to the Board of Education for approval.

The proposed budget was approved for publication by the Board of Education on July 8, 2019. This budget was developed under the guiding principles as outlined in the policies of the DeForest Area School District. These policies are available for review on the District's website at: <http://www.deforest.k12.wi.us/district/board-policies.cfm>



Fund Definitions

Budget Development Guiding Principles (BOE Policy & Administrative Practices)
Act in alignment with RESULTS Statements
Address sustainability: both financial and programmatic
Utilize attrition and realignment in staff reductions rather than layoffs
Staff in alignment with enrollment
Maintain graduated class size ratios to extent possible (K-2< 3-4 <5-6< 7-8< 9-12)
Focus on core and primary section instruction over non-core functions
Implement program delivery efficiencies vs. program elimination
Assess program elimination where multiple data sources support
Freeze non-instructional budget centers before instructional
Reduce where trends/data warrant in large budget centers (e.g. deferred capital)
Engage in good faith participatory decision making practices

Fund 10 General Fund

The general fund is used to account for all financial transactions relating to current operations, except for those required to be accounted for in other funds.

Special Projects Funds

Special projects funds reported below include combined budgets for both the Gift Fund and Special Education Fund.

Fund 21 Special Revenue Trust Fund

This fund is used to account for trust funds that can be used for district operations. The source of such funds is gifts and donations from private parties. Cash and investments in this fund are expended pursuant to donor specifications. There may be a fund balance in this fund.

Fund 27 Special Education Fund

This fund is used to account for special education and related services funded wholly or in part with state or federal special education aid or charges for services provided to other districts as a result of being a host district for a special education package or cooperative program.

Debt Service Funds

These funds are used for recording transactions related to repayment of the following general obligation debt: promissory notes (issued per statute 67.12(12)) and bonds. Debt tax levies must be recorded in these funds. The resources in these funds may not be used for any other purpose as long as a related debt remains. Fund 38 is required to be used to report transactions pertaining to non-referendum debt authorized after August 12, 1993.

The outstanding debt at the beginning of 2017-18 was \$44,815,000. Outstanding debt at year end is \$42,340,000. This balance includes the new debt service bond for the 2015 referendum building project. Final payment on the debt obtained

➤ Fund Definitions

prior to 2015 is anticipated to be made in April 2020. Final payment on the new debt obtained in 2015 is anticipated to be made in April of 2035. Final payment on the new debt obtained in 2016 is anticipated to be made in April of 2036.

Fund 38 Non-Referendum Debt Service Fund

This fund is used to account for transactions for the repayment of debt issues that were either not authorized by school board resolution before August 12, 1993, or incurred without referendum approval after that date. A fund balance may exist in this fund. Sections 67.05(6a)(b) and 67.12(12(e)(2g)) of the Wisconsin Statutes provides authority for school districts to borrow up to \$1,000,000 without elector approval. The specific limit for each school district is the lesser of \$1,000,000 or a calculated amount which uses statewide value and membership data. The final payment of non-referendum debt was made in April 2012.

Fund 39 Referendum Approved Debt Service Funds

This fund is used to account for transactions for the repayment of debt issues that were either authorized by school board resolution before August 12, 1993, or approved by referendum. If the district uses funds other than Fund 39, the district must combine and report these funds as Fund 39. A fund balance may exist in this fund.

Fund 40 Capital Expansion Fund

These funds are used to account for expenditures financed through the use of bonds, promissory notes issued per statute 67.12(12), state trust fund loans, land contracts, an expansion fund tax levy established per statute 120.10(10m). The Department of Instruction defines "capital expenditures related to buildings and sites" as being expenditures for acquiring and remodeling buildings and sites, and maintenance or repair expenditures that extend or enhance the service life of buildings and building components, sites and site components.

Fund 41 Capital Expansion Fund

Capital Expansion Funds are included in the calculation of the District's Revenue limit.

Fund 46 Long-term Capital Improvement Fund

Used for transactions financed with a transfer from Fund 10.

Fund 49 Other Capital Expansion Fund

This fund is used to report capital project fund activities not required to be reported in Funds 41. The district utilizes this fund to report the building referendum projects from the 2019 referendum.

Fund 50 Food Service Fund

All revenues and expenditures related to pupil food service activities are recorded in this fund. A fund balance in the Food Service Fund is permitted. There may be no deficit in the Food Service Fund. Any food service fund deficit, resulting from student food services, must be eliminated by an operating transfer from the General Fund.

Fund 80 Community Service Fund

This fund is used to account for activities such as adult education and community recreation programs a. Statute 120.13(19) permits a school board to establish and maintain community education, training, recreational, cultural or athletic programs and services, outside regular curricular and extracurricular programs for pupils, under such terms and conditions as the school board prescribes.

Fund 96 & Fund 97 Package & Cooperative Programs

These funds are used to account for activities in which a district acts as fiscal agent for combined programs and activities. Costs of services are generally shared on a pro-rated basis depending on participation. Athletics programs under co-op agreements: boys and girls hockey and lacrosse.

2019-20 Proposed Budget

GENERAL FUND	Audited 2017-18	Estimated 2018-19	Proposed Budget 2019-20
Beginning Fund Balance	18,852,401	18,949,987	18,988,327
Ending Fund Balance	18,949,987	18,988,327	18,988,955
REVENUES & OTHER FINANCING SOURCES			
Transfers-In (Source 100)	16,457	11,000	0
Local Sources (Source 200)	20,529,298	19,760,690	22,319,303
Inter-district Payments (Source 300 + 400)	954,285	1,034,022	1,052,600
Intermediate Sources (Source 500)	0	0	0
State Sources (Source 600)	17,536,156	20,334,840	19,835,188
Federal Sources (Source 700)	304,086	221,400	229,592
All Other Sources (Source 800 + 900)	456,168	527,948	87,000
TOTAL REVENUES & OTHER FINANCING SOURCES	39,796,450	41,889,900	43,523,683
EXPENDITURES & OTHER FINANCING USES			
Instruction (Function 100 000)	17,637,800	18,387,567	19,366,163
Support Services (Function 200 000)	15,715,993	16,708,363	17,192,400
Non-Program Transactions (Function 400 000)	6,328,037	6,755,630	6,964,492
TOTAL EXPENDITURES & OTHER FINANCING USES	39,681,830	41,851,560	43,523,055

SPECIAL PROJECTS FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
Beginning Fund Balance	235,265	190,207	190,207
Ending Fund Balance	190,207	190,207	190,207
REVENUES & OTHER FINANCING SOURCES	7,164,861	7,294,589	7,646,086
EXPENDITURES & OTHER FINANCING USES	7,209,918	7,294,589	7,646,086

DEBT SERVICE FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
Beginning Fund Balance	2,122,729	1,926,111	4,730,761
Ending Fund Balance	1,926,111	4,730,761	3,586,165
REVENUES & OTHER FINANCING SOURCES	3,783,806	6,795,574	9,193,183
EXPENDITURES & OTHER FINANCING USES	3,980,424	3,990,924	10,337,779

CAPITAL PROJECTS FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
Beginning Fund Balance	8,219,759	6,025,065	96,653,065
Ending Fund Balance	6,025,065	96,653,065	77,334,065
REVENUES & OTHER FINANCING SOURCES	1,467,637	91,110,000	2,550,000
EXPENDITURES & OTHER FINANCING USES	3,662,331	482,000	21,869,000

2019-20 Proposed Budget

FOOD SERVICE FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
Beginning Fund Balance	390,907	380,023	254,873
Ending Fund Balance	380,023	254,873	233,288
REVENUES & OTHER FINANCING SOURCES	1,524,900	1,582,220	1,631,110
EXPENDITURES & OTHER FINANCING USES	1,535,783	1,707,370	1,652,695

COMMUNITY SERVICE FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
Beginning Fund Balance	57,607	45,251	23,935
Ending Fund Balance	45,251	23,935	22,154
REVENUES & OTHER FINANCING SOURCES	131,608	123,900	131,330
EXPENDITURES & OTHER FINANCING USES	143,964	145,216	133,111

COOPERATIVE PROGRAMS FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
Beginning Fund Balance	0	0	0
Ending Fund Balance	0	0	0
REVENUES & OTHER FINANCING SOURCES	71,667	53,187	2,929
EXPENDITURES & OTHER FINANCING USES	71,667	53,187	2,929

ALL FUNDS	Audited 2017-18	Estimated 2018-19	Budget 2019-20
GROSS TOTAL EXPENDITURES -- ALL FUNDS	56,285,917	55,524,846	85,164,655
Inter fund Transfers (Source 100) -- ALL FUNDS	5,151,594	5,553,335	5,781,446
Refinancing Expenditures (FUND 30)	0	0	0
NET TOTAL EXPENDITURES -- ALL FUNDS	51,134,323	49,971,511	79,383,209
PERCENTAGE CHANGE -- NET TOTAL FUND EXPENDITURES		-2.3%	58.9%

TAX LEVY BY FUND	Audited 2017-18	Estimated 2018-19	Budget 2019-20
General Fund	20,042,761	19,150,420	21,737,453
Non-Referendum Debt Service Fund	0	0	0
Referendum Debt Service Fund	3,755,674	6,775,574	9,153,183
Capital Expansion Fund	500,000	500,000	2,000,000
Community Service Fund	50,000	50,000	50,000
TOTAL SCHOOL LEVY	24,348,435	26,475,994	32,940,636
PERCENTAGE CHANGE -- TOTAL LEVY FROM PRIOR YEAR		8.7%	24.4%
EQUALIZED VALUE OF THE DISTRICT	\$2,410,654,188	\$2,636,300,548	\$2,715,389,564
PERCENT CHANGE FROM PRIOR YEAR	8.1%	9.4%	3.0%



Post-Employment Trust Fund

Fund 73 - OPEB TRUST June 30, 2019

The DeForest Area School District actively sets aside funds for post-employment benefits using a Fund 73 Opeb Trust. The trust is held at Settler's Bank, Windsor WI. Fiscal year activity for the 2018-19 school year (July 1, 2018 thru June 30, 2019) is as follows:

Trust Balance as of June 30, 2019: \$3,723,032.19 (net due to/from other funds)

FY Investment Returns: \$74,942.80

FY Disbursements: \$575,660.99

2018-19 Meeting Minutes

**DeForest Area School District
BUDGET HEARING AND ANNUAL MEETING MINUTES
Monday, July 23, 2018
DeForest Area Public Library, 203 Library Street, DeForest**

I. Meeting Called to Order:

The July 23, 2018 Budget Hearing and Annual Meeting of the DeForest Area School District was called to order by Jan Berg, President of the DeForest Area Board of Education, at 7:00 p.m. in the Community Room of the DeForest Area Public Library, 203 Library Street, DeForest, WI 53532. Approximately 25 residents were in attendance.

A. Introductory Comments: Jan Berg, President DASD Board Of Education

1. Introduction of Board of Education Members

Berg introduced the Board of Education members present:

Brian Coker
Sue Esser
Gail Lovick
Spencer Statz
Steve Tenpas
Terri Treinen
Linda Leonhart
Jeff Miller

2. Introduction of District Administrator (Jan)

After introductory comments, Jan Berg introduced Eric Runez, Superintendent. Runez welcomed the attendees.

B. District Administrator: (Eric)

1. Introduction of Administrative Staff

The following members of the administrative staff were also in attendance:

Kathleen Davis, Director of Business & Auxiliary Services,
Rebecca Toetz, Director of Instructional Services,
Pete Wilson, Director of Administrative Services,
Nate Jaeger, Director of Human Resource Services
Sara Totten, Director of Student Services,
Roz Craney, Principal, Yahara
Bill Huebsch, Assistant Principal, Windsor Elementary School & Eagle Point;
Principal, Morrisonville
Kurt Becker, Principal, DeForest Area Middle School
Machell Schwarz, DeForest Area High School Principal,
Doug Crowley, Assistant Principal, DeForest Area High School,
Mike McHugh, District Athletic Director
Debbie Brewster, School Community & Relations Coordinator
Becky Terry, Food Service Supervisor

2. Introduction of Legal Counsel/Parliamentarian (Eric)

Eric Runez introduced Steve Zach, Attorney with Boardman & Clark, LLC, who served as Legal Counsel/Parliamentarian for the DeForest Area School District Annual Meeting.

II. Election of Chairperson (Eric takes nominations for Chairperson of the Annual Mtg & Budget Hearing)

Jan Berg was nominated to be Chair of the meeting on a motion by Sue Paulson. Berg was then elected Chair of the Budget/Hearing Annual Meeting by a unanimous voice vote.

Chairperson introduces Kathy Davis.

III. Financial Report: Kathleen Davis, Director of Business & Auxiliary Services

Kathleen Davis stated that the final 2017-2018 Financial report will be presented at a future Board of Education meeting, as the final closing information is still being prepared.

IV. New Business:

A. Budget Hearing and Adoption of Proposed 2018-2019 Tax Levy

Berg announced that the citizens were now in the Budget Hearing portion of the meeting and Kathleen Davis, continued her report by presenting the proposed 2018-2019 budget and proposed tax levy.

Davis reviewed the proposed budget, explained debt service funds, capital projects fund, food service fund and community service funds. The total property tax levy estimated to meet the needs of the 2017-2018 school year is \$24,517,951. The proposed budget for 2017-2018 is approximately .7% increase than the prior year. The estimated mil rate is \$10.17 per \$1,000 of equalized value based on current property values and may change when property values are certified in October. The total tax levy includes the following components:

General Fund levy - \$20,002,377
 Referendum Debt Service Fund - \$3,965,574
 Capital Expansion Fund - \$500,000.00
 Community Service Fund - \$50,000.00

Chairperson, Jan Berg asked for comments or questions from the citizens. No questions or comments were made and the hearing was then closed.

Jon Bales made a motion, seconded by Bill Huebsch, to approve the 2017-18 tax levy of \$24,517,951 of which \$20,002,377 is for the General Fund, \$3,965,574 is for Fund 39 Referendum Debt, \$500,000 is for Capital Expansion, and \$50,000 is for Community Service fund. The motion passed with a unanimous voice vote.

Chairperson, Jan Berg asked for comments or questions from the citizens. No questions or comments were made and the hearing was then closed.

Chairperson facilitates the following motions:

B. Authorize 2018-2019 Salaries of Board of Education Members

A motion was made by Sue Paulson and seconded by Jon Bales, to maintain the current level and authorize the salaries of the Board of Education members at \$2,450, and the Board President at \$3,350. The motion was passed by a unanimous voice vote.

C. Authorize the payment of actual and necessary expenses of Board of Education members when traveling in performance of duties

On a motion by Bill Huebsch, seconded by Nate Jaeger and passed unanimously by voice vote, the citizens authorized the district to make payment of actual and necessary expenses of Board of Education members when traveling in performance of duties.

D. Authorize the DeForest Area School District to make payment for student accident insurance.

On a motion by Nate Jaeger seconded by Sue Paulson and passed unanimously by voice vote, the District was authorized to make payment for student accident insurance.

E. Date of Next Annual Meeting

The electors at the annual meeting may authorize the Board of Education to determine the date and hour of the annual meeting. No annual meeting may be held before May 15 or after October 15. Section 120.08(1), Wisconsin Statutes.

On a motion by Sue Paulson, seconded by Jon Bales and passed unanimously by voice vote, the Board of Education was authorized to determine the date and hour of the next annual meeting.

V. Adjournment

On a motion by Sue Paulson seconded by Jon Bales and passed unanimously by voice vote, the Budget Hearing and Annual Meeting adjourned at 7:20 pm.